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FISCAL IMPACT STATEMENT

LS 6050

BILL NUMBER: SB 9

NOTE PREPARED: Oct 24, 2012

BILL AMENDED:

SUBJECT: Residential Real Estate Sales Disclosure Form.

FIRST AUTHOR: Sen. Steele

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill repeals a provision of the residential real estate sales disclosure law that states a real estate disclosure form: (1) is not a warranty by the owner; and (2) may not be used as a substitute for any inspections or warranties that the prospective buyer or owner may later obtain.

Effective Date: July 1, 2013.

Explanation of State Expenditures: Under current law, the owner of property that is being sold is required to fill out a disclosure form (prescribed by the Indiana Real Estate Commission) that describes the condition of the property. The current statute also specifically states that the disclosure form is not a warranty and should not be used as a substitute for any inspections or warranties that the prospective buyer or owner may later obtain. The disclosure form also contains this statement.

This bill repeals this specific clause of the current statute. This may result in two impacts. First, the number of civil court cases may increase, thereby increasing the amount of time and resources dedicated to adjudicating such cases. Second, the statement will have to be deleted from the current disclosure form. Since the form is currently on-line, the cost of deleting this statement would be negligible.

Explanation of State Revenues: *Court Fee Revenue:* If additional civil actions occur and court fees are collected, revenue to the state General Fund may increase. A civil costs fee of \$100 would be assessed when a civil case is filed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court.

In addition, several fees are collected and deposited into the state General Fund and dedicated funds.

Explanation of Local Expenditures: See *Explanation of State Expenditures*.

Explanation of Local Revenues: *Court Fee Revenue:* If additional civil actions occur, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$100 civil costs fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. Additional fees may be collected at the discretion of the judge, depending upon the particular type of case. Persons filing a civil case are also be required to pay fees that are deposited in local funds.

State Agencies Affected: Indiana Real Estate Commission.

Local Agencies Affected: Circuit and Superior Courts.

Information Sources:

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